A Monthly Report from The Conference Board

INTERNATIONAL ECONOMIC SCOREBOARD

The Conference Board

NOVEMBER, 1983

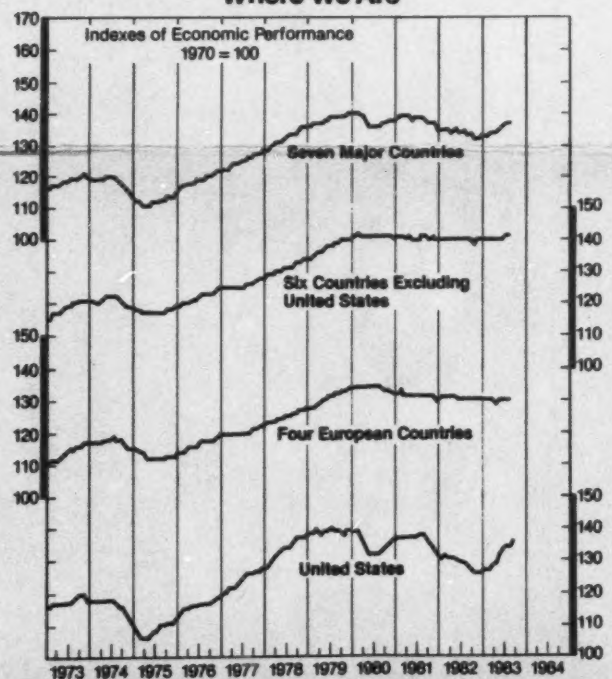
SUMMARY

The leading business cycle indexes for six of the seven major industrial countries—all except the United Kingdom—continue to signal economic expansion ahead. Four of those countries—the United States, Canada, Japan and France—show confirming cyclical upswings in their indexes of economic performance. Sluggishness prevails in recent readings of the performance indexes for West Germany, the United Kingdom and Italy.

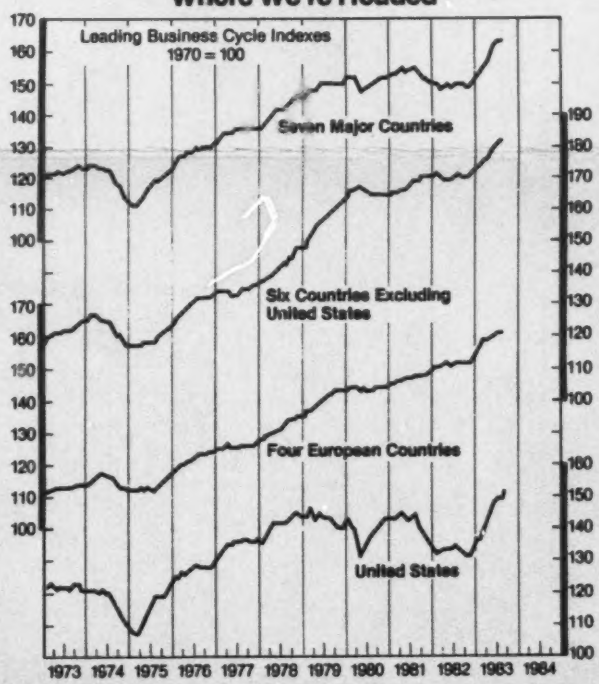
	Ten-year Growth Rate 1966-76	*Indexes of Economic Performance Growth Rates**			*Leading Business Cycle Indexes Growth Rates**			*Current Reading on the Cycle*	*Latest Month Covered*
		6 mos. ago	*3 mos. ago*	*Latest month*	*6 mos. ago*	*3 mos. ago*	*Latest month*		
	annual rates, percent								
United States	3	0	7	10	10	19	17	Strong expansion continuing	Sept.
Canada	5	-1	3	5	13	16	10	Strong expansion continuing	Aug.
Japan	8	0	0	3	-5	5	11	Recovery underway	Aug.
United Kingdom	2	1	1	0	4	3	0	Economy sluggish	Aug.
West Germany	4	-1	1	0	6	9	7	Leaders advancing sharply; economy sluggish	Aug.
France	5	1	2	3	9	9	11	Recovery underway	Aug.
Italy	4	-4	-3	-3	1	5	6	Leaders strong; economy weak	May
7 countries	4	-1	3	5	4	12	12	Recovery continuing	Aug.
6 countries excl. U.S.	5	0	1	2	3	7	8	Recovery getting underway	Aug.
4 European countries	4	0	0	0	6	7	7	Contraction stopped; leaders advancing	Aug.

* Annual rate based on ratio of current month's index to average index over the preceding 12 months.

Where We Are


Indexes of Economic Performance
1970 = 100
Seven Major Countries
Six Countries Excluding United States
Four European Countries
United States
1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984

Where We're Headed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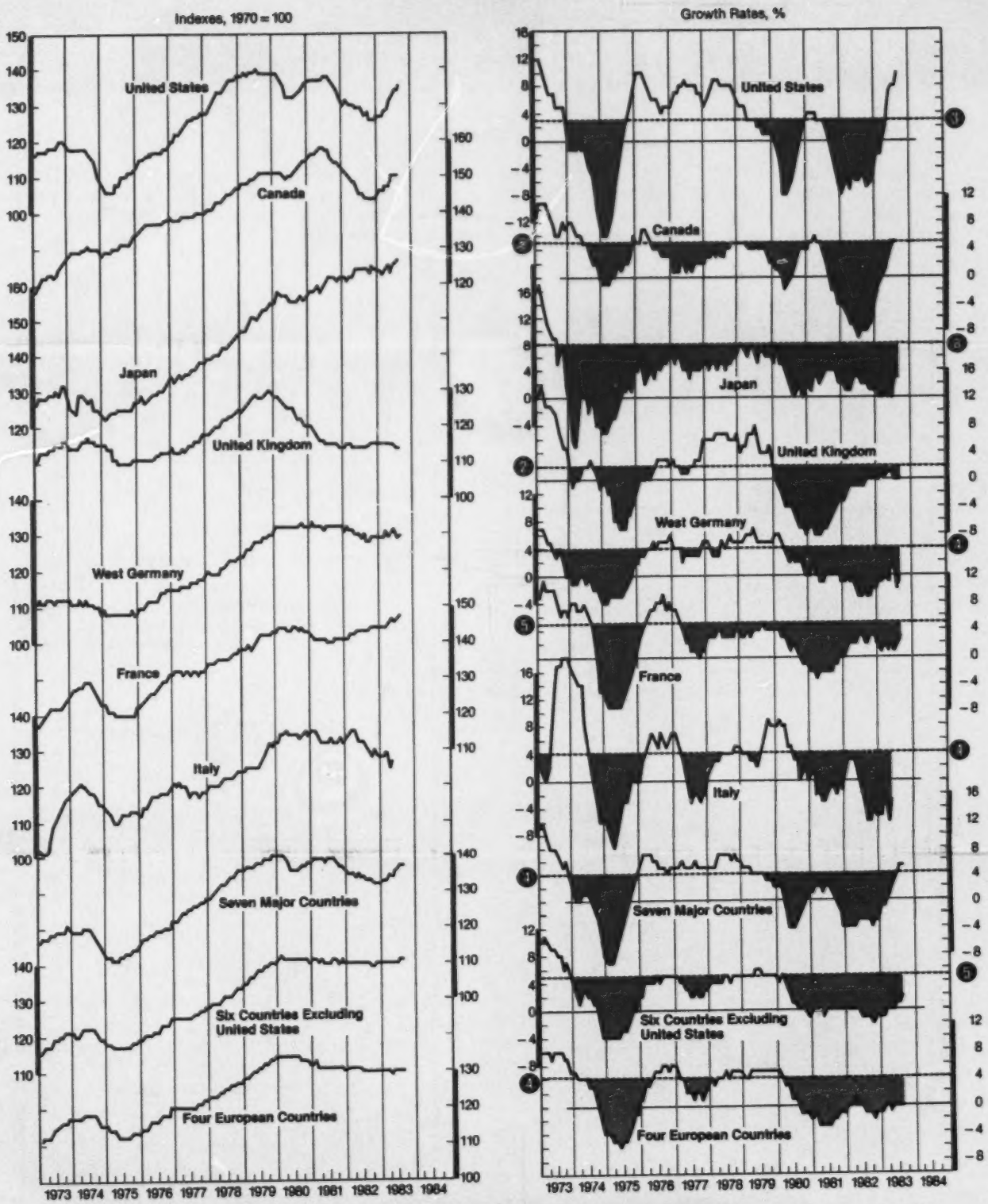
Where We Are

Indexes of Economic Performance

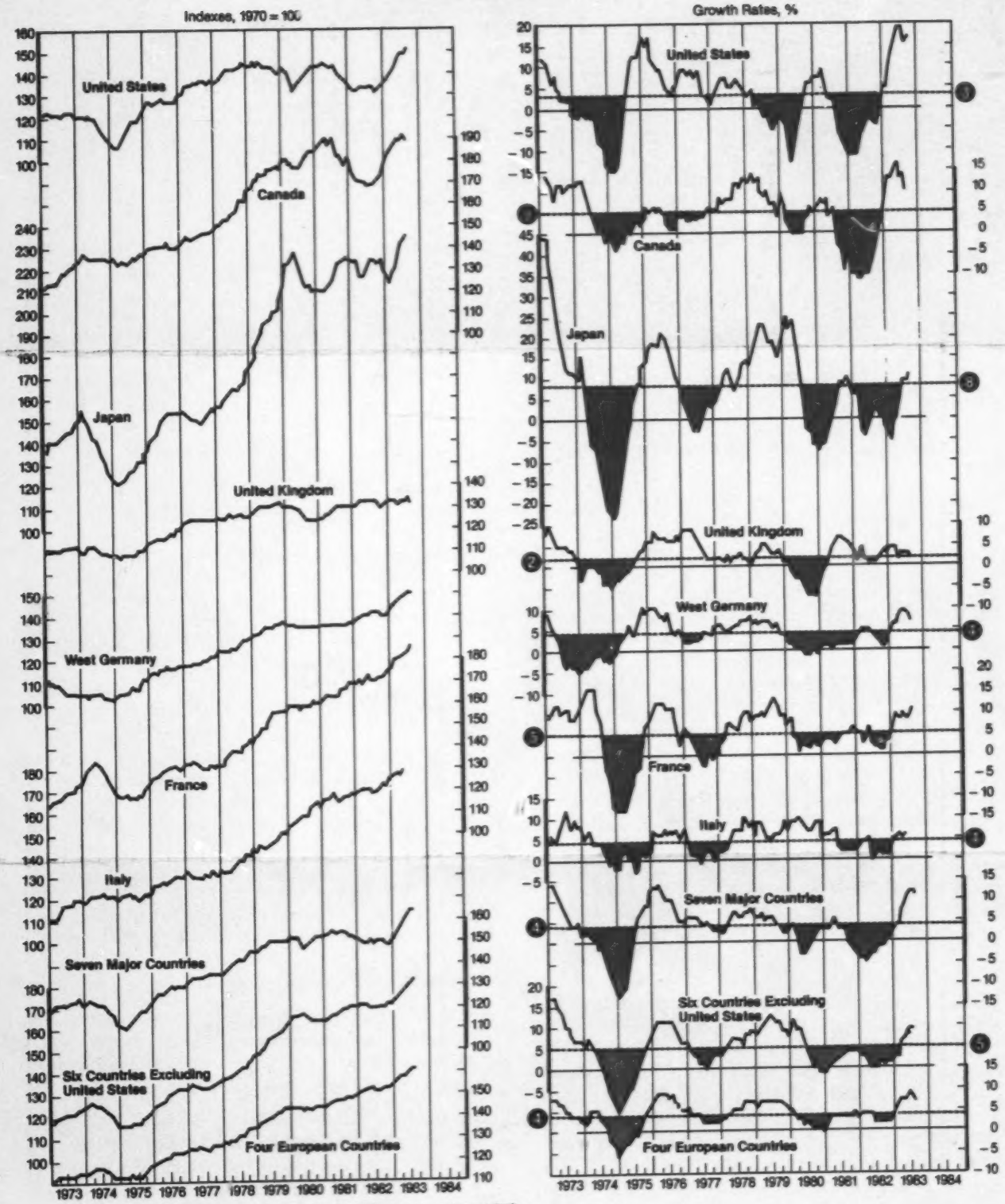


Note: Horizontal dashed lines are average growth rates for 1966–78 in the index and in real GNP

Source: The Conference Board

Where We're Headed

Leading Business Cycle Indexes



Note: Horizontal dash lines are average growth rates for 1966–76 in the index and in real GNP

Source: The Conference Board

INDEXES, SEVEN COUNTRIES, 1982-83

		U.S.		Canada		Japan		U.K.		West Germany		France		Italy		7 Countries		6 Countries ex U.S.		4 Countries Europe	
		Indexes, 1970 = 100																			
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Oct.	82	126	131	144	171	183	223	115	130	128	140	144	171	128	172	132	149	139	170	130	152
Nov.	82	126	131	144	172	185	224	115	131	129	140	144	172	130	171	132	149	140	171	130	152
Dec.	82	126	133	144	176	184	219	115	132	129	142	144	173	129	173	132	150	140	171	130	153
Jan.	83	127	136	146	181	184	218	115	133	129	144	144	175	128	175	133	152	140	172	130	155
Feb.	83	127	136	146	182	183	214	115	133	129	145	144	179	129	176	133	153	140	173	130	156
Mar.	83	128	139	147	184	184	218	115	133	130	146	145	179	129	178	134	155	140	175	130	158
Apr.	83	129	142	147	187	185	220	115	132	129	148	144	180	125	177	134	157	140	176	129	158
May	83	131	145	148	189	184	225	115	133	130	149	146	181	127	179	135	160	140	178	130	159
June	83	133	148	150	188	185	231	115	133	131	149	145	182			136	162	140	180	130	160
July	83	134	149	150	191	186	232	114	134	128	150	146	184			137	164	141	181	130	161
Aug.	83	134	149	150	189	187	235	114	132	129	150	147	186			137	164	141	182	130	161
Sept.	83	136	152																		
		Growth Rates, Percent																			
Oct.	82	-7	-4	-8	-1	1	1	0	2	-3	1	3	2	-6	2	-4	-1	-2	1	-2	2
Nov.	82	-5	-3	-7	1	2	3	0	3	-2	1	3	3	-4	1	-3	0	-1	2	-1	2
Dec.	82	-5	1	-5	5	1	-2	1	3	-2	3	2	3	-5	3	-3	2	-1	2	-1	3
Jan.	83	-2	5	-2	12	1	-4	0	4	-1	6	2	5	-5	4	-1	4	-1	3	-1	5
Feb.	83	-2	5	-1	13	0	-5	1	4	-1	6	1	9	-3	5	-1	4	0	3	0	6
Mar.	83	0	10	0	13	0	-1	0	4	0	7	2	8	-3	6	0	7	0	5	0	7
Apr.	83	2	13	1	16	1	0	1	2	-1	8	1	8	-6	5	1	9	0	6	-1	7
May	83	5	16	3	16	0	5	1	3	1	9	2	9	-3	6	3	12	1	7	0	7
June	83	7	19	5	13	1	9	0	3	2	9	1	8			4	13	1	8	0	9
July	83	8	19	5	14	3	9	0	3	-2	8	2	9			5	13	1	9	0	8
Aug.	83	8	16	5	10	3	11	0	0	0	7	3	11			5	12	2	8	0	7
Sept.	83	10	17																		
		Ten-Year Annual Growth Rate, Percent																			
1966-76		3	3	5	5	8	8	2	2	4	4	5	5	4	4	4	4	5	5	4	4

THE INTERNATIONAL ECONOMIC INDICATOR SYSTEM

Beginning in mid-1983, each issue of the *Scoreboard* includes indexes of economic performance for the major industrial nations, in addition to the leading indexes that have always been the main statistical building blocks of the analysis. These economic performance indexes are composites of such series as real GNP, industrial production, employment and sales—what analysts call "coincident" series, because they *define* the business cycle.

The leading indexes are composites of such series as new orders, construction contracts, corporate profits and stock prices—indicators that usually anticipate changes in production and employment by several months. Thus the indexes of economic performance tell us the current status of the business cycle, i.e., where we are, while the leading indexes tell us where the economy is headed.

Experience has shown that when the leading index begins to rise faster, it is a fairly safe rule that the economy will soon begin to rise faster too—typically after three or four months. When the leading index begins to rise more slowly or to decline, the economy is likely to follow suit shortly thereafter. (For details, see "What the Leading Indicators Indicate," *Across The Board*, April 1980 and *Business Cycles, Inflation and Forecasting*, Balinger Publishing Co., 1983.) Considerable variation in the length of lead is to be expected, however, so that constant monitoring is needed for effective use of the system. Among the uses of these data are tracking recessions and recoveries, anticipating changes in foreign trade flows, and providing early warning of new inflationary trends.

These indexes for the seven major industrial nations were developed by Geoffrey H. Moore and Philip A. Klein, and are maintained by the Center for International Business Cycle Research at the Columbia Business School. (The U.S. leading index used here differs slightly from the index reported monthly by the U.S. Dept. of Commerce.) To facilitate analysis the indexes are adjusted so their long-run growth rates are equal to those in real GNP in the country concerned during 1966-1976. These growth rates are shown at the bottom of the table on the back page and by horizontal lines on the right panel of the charts on pages 2 and 3.

For more information and instruction

To find out more about this indicator system, the availability of detailed data for each country, and a training program in the methodology and application of the systems, please address inquiries to

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